

■ NAFTA Compliance Initiatives

Ensuring Access to Our Most Important Export Markets

by the NAFTA Compliance Team
Market Access and Compliance



As the United States liberalizes trade and opens markets by negotiating free trade agreements, the Department of Commerce believes it is critical to ensure that our trading partners comply with the terms they have agreed upon to allow U.S. companies to enjoy the benefits negotiated on their behalf. Without compliance, there is no benefit.

The North American Free Trade Agreement (NAFTA) is a comprehensive commercial pact undertaken by the governments of the Canada, Mexico, and the United States to create one of the largest free trade areas in the world. Since the implementation of the agreement on January 1, 1994, North American trade has boomed (from \$297 billion in 1993 to \$622 billion in 2001). Nearly \$2 billion worth of trade crosses our borders daily.

With such a significant amount of trade taking place, there are bound to be misunderstandings and problems. In keeping with the Commerce Department's commitment to ensure countries comply with their trade commitments, in addition to providing an avenue for U.S. firms to seek assistance when experiencing barriers to market access in North America, the department created the NAFTA Compliance Team in June 2002.

■ THE TEAM AND ITS MISSION

The NAFTA Compliance Team includes a Mexico desk officer, a

Canada desk officer, and a team leader. These team is based in the Office of NAFTA and Inter-American Affairs, which is part of the International Trade Administration (ITA). The team combines an understanding NAFTA rules and regulations with specific country and regional expertise to support U.S. companies facing unfair trade barriers in Mexico and Canada. The team's mission is simple: to monitor the compliance of Canada and Mexico regarding their NAFTA commitments. This monitoring ensures that U.S. exporters receive fair treatment under the NAFTA, as well as ensures that U.S. industries gain and maintain access to Mexican and Canadian sectors. The team travels domestically and abroad to meet with U.S. companies and associations to identify industry concerns. In addition, the team meets with U.S. and foreign government officials to raise and address these concerns.

When a U.S. firm has a problem gaining or maintaining access to Mexican or Canadian markets due to perceived trade barriers, the NAFTA Compliance Team can help. Upon receiving a summary of the specific problem, the team determines the best means of assistance. The team works with other ITA staff from the Trade Compliance Center, Trade Information Center, Import Administration, Trade Development, and U.S. Commercial Service. The team also works with other federal agencies, such as the U.S. Customs Service, Food and Drug Administration, and Office of the U.S. Trade Representative.

■ ADVOCACY ON BEHALF OF U.S. EXPORTERS

The NAFTA Compliance Team has already helped several businesses during

its brief tenure. Here are two examples of how the team has helped U.S. firms overcome impediments to trade:

- The team assisted U.S. companies with exports of beer stopped at the U.S.-Mexico border. The team determined that Mexican customs officials were enforcing changes to Mexican import permit requirements not previously enforced. After the U.S. companies submitted the correct documentation, they found it would take between 30 and 45 days to clear any of their shipments. The NAFTA Compliance Team intervened, contacting Mexican customs authorities. Shipments resumed within a week, preventing a significant loss of sales revenue.
- Canadian customs staff at a provincial level notified a U.S. firm that it would be charged a goods and services tax on its U.S. trailers entering Canada temporarily to deliver food products. After failed attempts by the company to resolve the issue at the provincial level, the company notified the NAFTA Compliance Team. The team contacted the head office of the Canada Customs and Revenue Agency, which in turn contacted the provincial authorities. The U.S. company ultimately did not have to pay the tax, which saved a tremendous amount of money.

For further information about the NAFTA Compliance Team, phone (202) 482-0393, or visit <http://mac.doc.gov/nafta/compliance>. ■